

Message Text

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C O N F I D E N T I A L MOSCOW 0688

E.O. 11652: GDS

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SUBJECT: EXPORT CONTROLS - COMPLAINTS BY ELEKTRONORGTEKHNIKA
CHAIRMAN

1. SUMMARY: DURING MEETING JAN 15 WITH ADVANCED BUSINESS SYSTEMS SEMINAR ADVANCE OFFICER COLER AND COMMATT, ELEKTRONORGTEKHNIKA CHAIRMAN KISLENKO WENT THROUGH LENGTHY, AND SOMEWHAT FAMILIAR RECITATION OF PROBLEMS ENCOUNTERED WITH US EXPORT CONTROLS. KISLENKO'S BASIC MESSAGE WAS THAT DELAYS AND UNCERTAINTIES INVOLVED IN OBTAINING EXPORT LICENSES FOR US COMPUTERS SOLD TO USSR WAS CAUSING PROBLEMS FOR ELEKTRONORGTEKHNIKA AND WORKING AGAINST INTERESTS OF US COMPANIES. WHILE RECOGNIZING COMPLEXITY OF INDIVIDUAL LICENSE CASES, EMBASSY BELIEVES THAT KISLENKO'S COMPLAINTS SHOULD BE GIVEN CAREFUL ATTENTION AND THAT, WHERE POSSIBLE, WE SHOULD SEEK TO REDUCE TIME NEEDED IN REACHING DECISIONS ON LICENSE APPLICATIONS. END SUMMARY.

2. FOLLOWING RELATIVELY BRIEF DISCUSSION OF ADVANCED BUSINESS SYSTEMS SEMINAR, KISLENKO SHIFTED TO SUBJECT WHICH WAS CLEARLY OF GREATER IMMEDIATE INTEREST, I.E., EXPORT CONTROLS. HE BEMOANED UNCERTAINTIES INVOLVED IN DEALING WITH US FIRMS IN COMPUTER AREA, POINTING OUT THAT SOVIET END-USERS FREQUENTLY LOST PATIENCE WITH ELEKTRONORGTEKHNIKA AND BROKE CONTRACTS AS RESULT OF LONG DELAYS. CONSEQUENCE, HE SAID, WAS THAT MANY PEOPLE IN ELEKTRONORGTEKHNIKA SERIOUSLY POSED QUESTION "WHY TRY TO WORK WITH THE AMERICANS" AND TENDED LOOK TO OTHER FOREIGN SUPPLIERS.

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AMONG INTERESTING POINTS WHICH KISLENKO MADE WAS FLAT ASSERTION,

WHICH US REPS DID NOT EXPLORE FURTHER, THAT SOVIET FOREIGN TRADE AGENCIES "ARE PROHIBITED FROM IMPORTING ANY EQUIPMENT FOR THE DEFENSE INDUSTRIES." HE ALSO CLAIMED THAT SOVIET COMPUTER/ELECTRONICS SECTOR HAD MADE ENORMOUS PROGRESS, SO MUCH SO THAT FIRMS SUCH AS HONEYWELL AND GE WERE BUYING SOVIET-MADE COMPONENTS. IN CONCLUSION, HE ASKED THAT COMMERCE MAKE CLEAR TO US COMPUTER COMPANIES WHAT THEY COULD SELL AND WHAT THEY COULD NOT SELL AND COMPLAINED THAT US SIDE WAS EVEN MORE BUREAUCRATIC IN ITS PROCEDURES THAN SOVIETS.

3. COLER NOTED CONSIDERABLE PROGRESS MADE IN RECENT YEARS IN LIBERALIZING EXPORT CONTROLS, BUT HE ACKNOWLEDGED THAT COMPUTER AREA STILL POSED PROBLEMS AND WITH BEST WILL IN WORLD WOULD CONTINUE TO DO SO. COMMATT SUGGESTED THAT ELEKTRONORGTEKHNIKA CONTACT EMBASSY REGARDING SPECIFIC LICENSE CASES WHICH SUBJECT TO EXCEPTIONAL DELAYS.

4. COMMENT: APPOINTMENT WITH ELEKTRONORGTEKHNIKA HAD ORIGINALLY BEEN ARRANGED WITH LOWER-RANKING OFFICIAL, AND MEETING WITH KISLENKO WAS CLEARLY ARRANGED FOR PURPOSE OF SENDING MESSAGE TO COMMERCE VIA EMBASSY AND COLER THAT SOVIETS UNHAPPY WITH RECENT EXPERIENCE IN LICENSING OF US COMPUTER EQUIPMENT. WHILE SUCH COMPLAINTS HAVE BEEN MADE IN PAST, EMBASSY BELIEVES IT ADVISABLE TO TAKE KISLENKO'S PRESENTATION SERIOUSLY, GIVEN IMPORTANT POTENTIAL WHICH SOVIET MARKET REPRESENTS FOR SALES OF US DATA PROCESSING EQUIPMENT. DUBS

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